

Message Text

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61

ORIGIN ARA-20

INFO OCT-01 ADP-00 SSO-00 NSCE-00 USIE-00 PM-07 NSC-10

SS-15 RSC-01 CIAE-00 INR-10 NSAE-00 PRS-01 PA-03

INRE-00 A-01 M-03 OPIC-12 AID-20 EB-11 TRSE-00 COME-00

CIEP-02 IGA-02 OMB-01 GSA-01 OEP-01 INT-08 L-03 /133 R

DRAFTED BY ARA/CAR:WPKELLY:JET

7/25/73 EXT: 23449

APPROVED BY ARA/CAR:JRBURKE

ARA/PAF:BBELL

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FM SECSTATE WASHDC

TO AMEMBASSY KINGSTON IMMEDIATE

AMEMBASSY BRIDGETOWN PRIORITY

AMCONSUL CURACAO PRIORITY

AMEMBASSY GEORGETOWN PRIORITY

AMEMBASSY NASSAU PRIORITY

AMCONSUL PARAMARIBO PRIORITY

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E.O.:11652/N/A

TAGS: PINT, PFOR, JM

SUBJECT: PRESS GUIDANCE - RECALL OF US AMBASSADOR TO
JAMAICA

REF: STATE 143930

FOLLOWING PRESS GUIDANCE PREPARED FOR DEPARTMENT'S NOON
BRIEFING ON WEDNESDAY, JULY 25 AND IS REPEATED TO
ADDRESSEES FOR BACKGROUND ONLY.

Q. TODAY'S EDITORIAL IN THE WASHINGTON POST INDICATES
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THAT, IN 1970, THERE WAS A SERIOUS DISAGREEMENT BETWEEN

THE DEPARTMENT OF STATE AND THE THEN-U.S. AMBASSADOR TO JAMAICA ON THE SUBJECT OF APPROVAL OF OVER \$200 MILLION IN OPIC EXPROPRIATION INSURANCE. WILL YOU COMMENT ON THAT?

SUGGESTED REPLY: I WOULD SAY THAT THERE WAS SOME DIFFERENCE OF VIEWPOINT ON THE TIMING OF APPROVAL BUT THAT THERE WAS AGREEMENT ON THE SUBSTANCE OF THE QUESTION, I.E., OUR ASSESSMENT OF THE JAMAICAN INVESTMENT CLIMATE.

THE ALUMINUM COMPANIES APPLIED TO OPIC FOR EXPROPRIATION INSURANCE AND, UNDER ROUTINE PROCEDURES, OPIC ASKED FOR OUR POLITICAL ASSESSMENT ON JAMAICA AS IT RELATED TO FOREIGN INVESTMENT. BOTH WE AND OUR EMBASSY AGREED THAT

JAMAICA OFFERED THE PROSPECT OF CONTINUED POLITICAL STABILITY. WE ALSO AGREED THAT BOTH JAMAICAN POLITICAL PARTIES HAD A RECORD OF DEALING FAIRLY AND RESPONSIBLY WITH THE FOREIGN INVESTMENT QUESTION. IN FACT, JAMAICA WAS A SIGNATORY TO THE INTERNATIONAL AGREEMENT ON THE SETTLEMENT OF INVESTMENT DISPUTES. MOREOVER, THE JAMAICAN GOVERNMENT WAS ACTIVELY SEEKING AN EXPANSION OF FOREIGN INVESTMENT IN JAMAICA AND THE GOJ FAVORED APPROVAL OF THE OPIC.

(IF PRESSED, YOU MAY ELABORATE)

UNDER THE CIRCUMSTANCES--AND DESPITE THE LARGE AMOUNT OF INSURANCE REQUESTED--WE CONCLUDED THAT THE RISKS WERE FAVORABLE AND THAT IT WAS UNLIKELY THAT THERE WOULD BE ANY UNCOMPENSATED EXPROPRIATORY ACTION AGAINST THE COMPANIES DURING THE TERM OF THE INSURANCE. OUR EMBASSY DID NOT OBJECT TO THIS ASSESSMENT AT THE TIME IT WAS MADE IN AUGUST 1970.

Q. IS IT TRUE THAT A \$20 MILLION AID PROGRAM TO JAMAICA WAS APPROVED FOLLOWING A 1970 MEETING BETWEEN PRESIDENT NIXON AND PRIME MINISTER SHEARER? WAS THIS A "PAY-OFF" FOR THE JAMAICAN GOVERNMENT TO AVOID NATIONALIZATION OF U.S. BAUXITE INVESTMENTS?

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SUGGESTED REPLY: THE PRESIDENT DID MEET WITH PRIME MINISTER SHEARER IN 1970. THE PRIME MINISTER SUGGESTED TO THE PRESIDENT THAT IT WOULD BE USEFUL TO HAVE A U.S. TECHNICAL MISSION VISIT JAMAICA AND OTHER CARIBBEAN COUNTRIES TO EXAMINE DEVELOPMENT PROBLEMS, PARTICULARLY IN THE SOCIAL FIELD AND TO EXPLORE WAYS IN WHICH THE U.S. MIGHT HELP IN RESOLVING THOSE PROBLEMS.

A SPECIAL COMMISSION WAS SENT TO JAMAICA AND CONSULTED WITH BOTH THE JAMAICAN GOVERNMENT AND WITH THE LEADER OF THE OPPOSITION PARTY. THIS COMMISSION ALSO CONSULTED CLOSELY WITH INTERNATIONAL ASSISTANCE AGENCIES. AS A RESULT OF THESE CONSULTATIONS, A NUMBER OF TECHNICAL RECOMMENDATIONS WERE MADE AND, FOLLOWING DETAILED REVIEWS, AID LOANS IN THE AMOUNT OF \$20 MILLION WERE SIGNED IN 1971 FOR RURAL CONSTRUCTION AND A SECONDARY MORTGAGE BANK. THESE LOANS WERE MADE IN ACCORDANCE WITH STANDARD AID CRITERIA. DISBURSEMENTS FROM THESE LOANS DID NOT REALLY GET UNDERWAY UNTIL PRIME MINISTER MANLEY CAME TO OFFICE IN MARCH 1972.

THERE IS NO CONNECTION BETWEEN THESE LOANS AND THE JAMAICAN GOVERNMENT'S ATTITUDE TOWARD FOREIGN INVESTMENT.

ROGERS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 25 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973STATE146061
Document Source: CORE
Document Unique ID: 00
Drafter: WPKELLY:JET
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730711/aaaaahwx.tel
Line Count: 134
Locator: TEXT ON-LINE
Office: ORIGIN ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators:
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 73 STATE 143930
Review Action: RELEASED, APPROVED
Review Authority: boyleja
Review Comment: n/a
Review Content Flags:
Review Date: 17 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17-Jan-2002 by phillir0>; APPROVED <26 FEB 2002 by boyleja>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PRESS GUIDANCE - RECALL OF US AMBASSADOR TO JAMAICA
TAGS: PINT, PFOR, JM
To: KINGSTON MULTIPLE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005